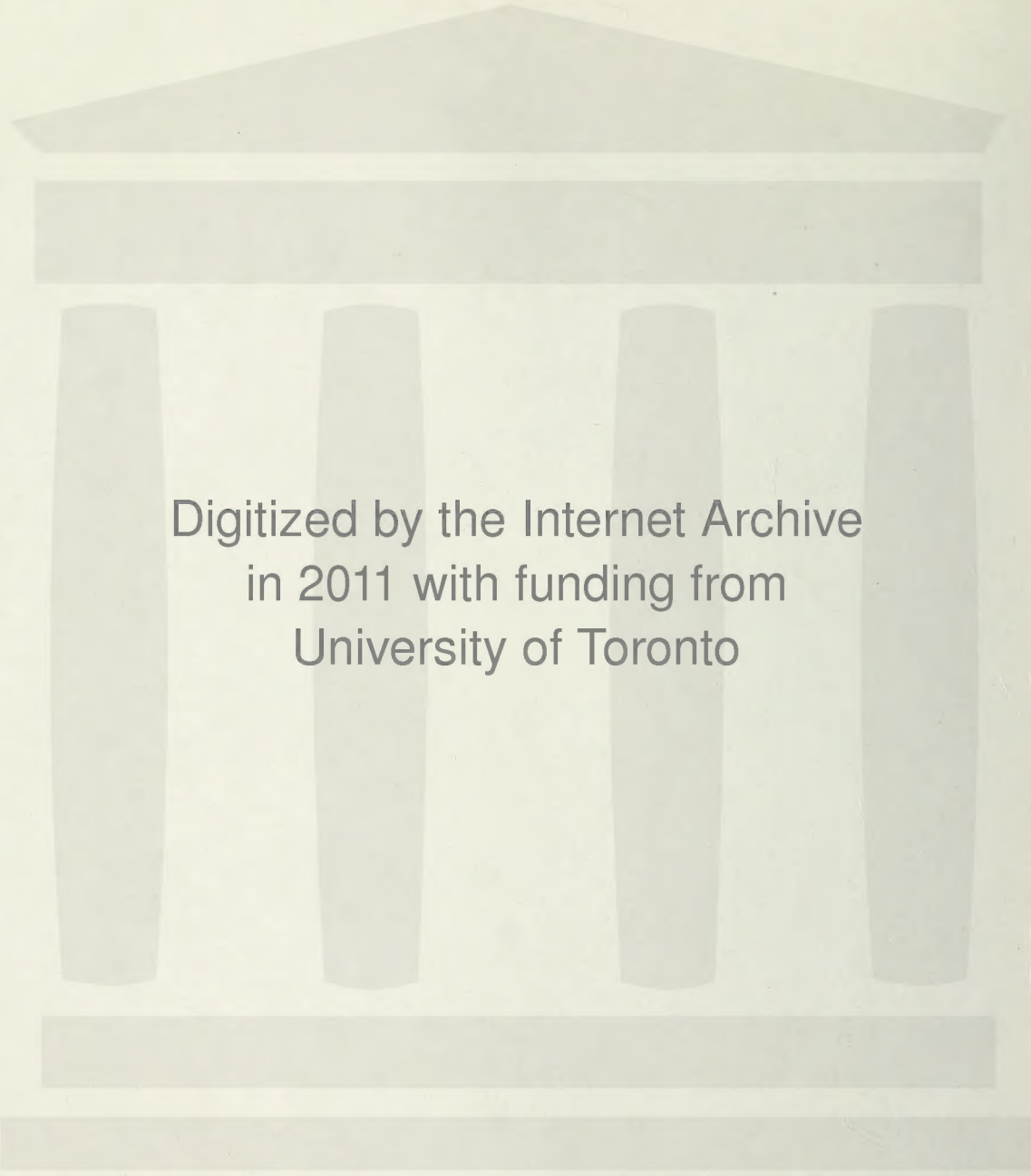


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Tl862b The Budget and direct
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(THE TARIFF COMMISSION)

THE BUDGET AND DIRECT TAXATION

In view of the important questions raised by Mr. Lloyd George's new proposals of direct taxation it is thought desirable to circulate at once the following tables and diagrams which form part of a complete Memorandum now in course of preparation by the Tariff Commission upon the general fiscal situation as developed during the last thirty years.

Among the conclusions suggested by these tables and diagrams the following may be enumerated :—

1. National taxation and expenditure have increased much more rapidly than wealth, income or population (see Tables 1 to 8).
2. The average burden per adult male taxpayer has increased much more rapidly than the average wealth or income (see Tables 4 to 8).
3. The average burden per adult male taxpayer (inclusive of rates) is now £16, as compared with £12 5s. ten years ago (see Tables 7 to 9).
4. By the new Budget the proportion of direct to indirect taxation is 60 to 40 per cent. of the Imperial Revenue (see Table 6).

5. In the last thirty years direct taxation has increased by 300 and indirect by less than 75 per cent. Thus the tendency has become more and more marked to depart from the principle of equality as between direct and indirect taxation which was characteristic of the orthodox Free Trade system when it was established (see Table 6).

6. The accompanying diagrams show the tendency in recent years to a parallelism of movement between prices and the average burden of direct taxation, a parallelism which seems to suggest some sort of correlation (see Fig. 1).

7. While the growth of prices is no doubt to be partly attributed to the large increase in the gold supplies of the world, that increase does not account for the remarkable changes covering all the ground of taxation and commerce from the early nineties onward (see Figs. 2 to 4 and Tables 10 and 11).

8. These tables and diagrams raise many important questions for consideration before the system of taxation inaugurated by Mr. Lloyd George is stereotyped, and especially the question whether the rapidly increasing burden of direct taxation is not tending more and more to fall on the general consumer.

1. The first thing I noticed when I stepped out of the car was the cold. It was a sharp contrast to the warm blanket I had been sitting under. I looked around and saw a few other people walking towards the same building. The air was thick with the scent of coffee and the sound of distant chatter. I felt a little lost, but then I remembered that I was here for a reason. I took a deep breath and walked towards the entrance.

2. The second thing I noticed was the smell. It was a mix of old books, fresh coffee, and the faintest hint of vanilla. I had never smelled anything like this before. I walked further into the room and saw a long counter with a few people standing behind it. The walls were covered in shelves of books, and the floor was made of polished wood. I felt like I had entered a new world.

3. The third thing I noticed was the people. They were all dressed in casual clothes, but there was something about them that made me feel like I belonged. I saw a man with a beard and a woman with long hair. They were both looking at something on the counter. I walked over to them and saw that they were looking at a book. I picked it up and saw that it was a book about the history of the city. I felt like I had found something that I could relate to.

4. The fourth thing I noticed was the music. It was a soft, melodic tune that filled the room. I had never heard it before, but it felt like it was made just for me. I closed my eyes and let the music wash over me. I felt like I was in a dream. I opened my eyes and saw that the man and woman were still looking at the book. I walked over to them and saw that they were looking at a book about the history of the city. I felt like I had found something that I could relate to.

TABLE 1.—UNITED KINGDOM. IMPERIAL EXPENDITURE (MILLION £).

	Con- solidated Fund Services.	Army.	Navy.‡	Miscel- laneous Civil Services.	Customs and Inland Revenue.	Post Office Services.	Total Exchequer Issues.
1880-81 ..	30.8	15.2	10.5	15.8	2.85	5.4	80.5
1882-83 ..	30.7	19.2	10.6	17.3	2.9	6.1	86.8
1887-88 ..	28.0	18.2	12.3	18.2	2.7	8.0	87.4
1892-93 ..	35.5	17.5	14.3	17.8	2.6	9.8	97.6
1897-98 ..	36.3	19.3	20.9	21.6	2.7	11.6	112.3
1902-03* ..	39.8	69.4	31.2	36.2	3.0	14.6	194.3
1907-08 ..	42.6	27.1	31.1	30.2	3.2	17.5	151.8
1912-13 ..	38.8†	28.1	44.4	51.9	4.2	23.0	190.4†
1913-14 ..	39.0†	28.3	48.8	53.9	4.5	24.6	199.1†
1914-15† ..	38.3	28.9	51.6	61.1	4.8	26.2	210.9†

* Expenditure inflated owing to the War in South Africa.

† Estimated Expenditure 1914-15.

‡ Includes the Establishment Licenses etc. transferred to the Local Authorities from January 1, 1909.

§ The Naval Expenditure is exclusive of expenditure under the Naval Works Acts.

TABLE 2.—UNITED KINGDOM. IMPERIAL EXPENDITURE PER HEAD OF POPULATION.

	Army.	Navy.	Miscel- laneous Civil Services.	Post Office Services.	Total Exchequer Issues.
	£ s.	£ s.	£ s.	£ s.	£ s.
1880-81	9	6	9	3	2 6
1882-83	11	6	10	3	2 9
1887-88	10	7	10	4	2 8
1892-93	9	7	9	5	2 11
1897-98	10	10	11	6	2 16
1902-03*	1 13	15	17	7	4 12
1907-08	12	14	14	8	3 9
1912-13	12	19	1 3	10	4 3
1913-14	12	1 1	1 3	11	4 6
1914-15†	12	1 2	1 6	11	4 11

* Expenditure inflated owing to the War in South Africa.

† On basis of Estimates for 1914-15.

TABLE 3.—UNITED KINGDOM. GROWTH OF IMPERIAL EXPENDITURE PER HEAD OF TOTAL POPULATION AND PER HEAD OF MALE POPULATION AGED 25 YEARS AND OVER (1880-81=100).

	Per Head of Total Population.	Per Head of Male Population aged 25 years and over.
1880-81	100	100
1882-83	106	106
1887-88	103	101
1892-93	110	107
1897-98	121	114
1902-03*	199	184
1907-08	149	133
1912-13	179	155
1913-14	186	160
1914-15†	195	167

* Expenditure inflated owing to the War in South Africa.

† On basis of Estimates for 1914-15.

TABLE 4.—UNITED KINGDOM. ESTIMATES OF NATIONAL WEALTH.

	Million £.
1875*	8,548
1885*	10,037
1895†	10,663
1905†	13,036
1909†	13,986
1913	15,000

* Estimates of Sir Robert Giffen.

† Figures estimated by *Economist* on same basis as that adopted by Sir Robert Giffen in calculating his estimates for 1875 and 1885.

TABLE 5.—UNITED KINGDOM. ESTIMATES OF NATIONAL INCOME.

	Million £.	
1875	1,200	(Sir Robert Giffen)
1885	1,350	(Sir Robert Giffen)
1903	{ 1,710	(Mr. Chiozza Money)
	{ 1,750	(Sir Robert Giffen)
	{ 2,000 (about)	(Mr. A. L. Bowley)
1907	2,000	(Mr. A. W. Flux)
1908	1,844	(Mr. Chiozza Money)
1912	2,250	(<i>Statist</i> estimate)

TABLE 6.—UNITED KINGDOM. IMPERIAL REVENUE (MILLION £).

	Revenue from Taxation.			Revenue other than from Taxation.		Total Exchequer Receipts.
	Indirect (Customs and Excise).	Direct.	Total.	Post Office and Telegraph Service.	Total.	
1880-81 ..	44.5	24.5	69.0	8.3	11.9	80.9
1882-83 ..	46.6	26.5	73.1	9.0	13.3	86.4
1887-88 ..	45.3	30.4	75.7	10.6	14.1	89.8
1892-93 ..	49.9	32.1	82.0	12.9	15.6	97.6
1897-98 ..	55.3	42.7	98.0	15.2	18.1	116.0
1902-3* ..	72.1	67.6	139.7	18.4	21.6	161.3
1907-8 ..	68.2	62.1	130.3	22.3	26.2	156.5
1912-13 ..	73.1†	83.3	156.4†	29.2	34.0	190.5†
1913-14 ..	76.7‡	88.0	164.7‡	30.8	35.2	199.9‡
1914-15† ..	76.7‡	98.7	175.3‡	31.8	35.8	211.1‡

* Taxation inflated owing to the War in South Africa.

† Estimated Revenue.

‡ Including Establishment Licenses, etc., transferred to Local Authorities from January 1, 1909.

TABLE 7.—UNITED KINGDOM. IMPERIAL REVENUE PER HEAD OF POPULATION AND PER HEAD OF MALE POPULATION AGED 25 YEARS AND OVER.

	Revenue per Head of Population.			Revenue per Head of Male Population aged 25 years and over.		
	Revenue from Taxation.		Total Exchequer Receipts.	Revenue from Taxation.		Total Exchequer Receipts.
	Indirect.	Direct.		Indirect.	Direct.	
	£ s.	£ s.	£ s.	£ s.	£ s.	£ s.
1880-81 ..	1 6	14	2 7	6 1	3 7	11 0
1882-83 ..	1 6	15	2 9	6 4	3 11	11 10
1887-88 ..	1 5	17	2 9	5 15	3 17	11 8
1897-98 ..	1 8	1 1	2 18	6 3	4 15	12 18
1902-03* ..	1 14	1 12	3 17	7 9	7 0	16 14
1907-08 ..	1 11	1 8	3 11	6 11	5 19	15 0
1912-13 ..	1 12	1 16	4 3	6 10	7 8	16 19
1913-14 ..	1 13	1 18	4 7	6 15	7 15	17 11
1914-15† ..	1 13	2 2	4 11	6 13	8 11	18 6

* Taxation abnormal owing to the War in South Africa.

† On basis of Estimated Revenue.

TABLE 8.—UNITED KINGDOM. GROWTH OF IMPERIAL REVENUE PER HEAD OF POPULATION AND PER HEAD OF MALE POPULATION AGED 25 YEARS AND OVER. (1880-81=100.)

	Growth of Revenue per Head of Population.			Growth of Revenue per Head of Male Population aged 25 years and over.		
	Revenue from Taxation.		Total Exchequer Receipts.	Revenue from Taxation.		Total Exchequer Receipts.
	Indirect.	Direct.		Indirect.	Direct.	
1880-81 ..	100	100	100	100	100	100
1882-83 ..	103	107	105	103	106	105
1887-88 ..	96	119	105	95	116	104
1892-93 ..	102	120	109	99	116	106
1897-98 ..	108	151	124	102	143	117
1902-03* ..	134	230	165	123	210	152
1907-08 ..	121	201	153	108	179	136
1912-13 ..	125	260	179	108	223	154
1913-14 ..	130	273	186	111	232	160
1914-15† ..	129	303	195	110	257	166

* Taxation abnormal owing to the War in South Africa.

† On basis of Estimated Revenue.

TABLE 9.—UNITED KINGDOM. RECEIPTS OF LOCAL AUTHORITIES (MILLION £).

	Rates.	Government Contri- butions.	Other.	Total.	Receipts from Loans.	Total Receipts.
1880-81 ..	28.4	3.4	17.6	49.4	14.4	63.8
1882-83 ..	30.4	4.0	17.7	52.1	12.0	64.1
1887-88 ..	33.5	5.1	17.6	56.2	10.9	67.2
1892-93 ..	36.4	10.6	20.2	67.2	14.8	82.0
1897-98 ..	44.5	13.2	26.0	83.7	17.4	101.1
1902-03 ..	58.3	16.2	38.0	112.5	39.8	152.3
1907-08 ..	68.7	24.5	48.5	141.8	25.4	167.2
1910-11 ..	75.3	25.5	54.6	155.4	22.0	177.4

TABLE 10.—ESTIMATED NET TONNAGE OF THE WORLD'S MERCHANT SHIPPING.

	Tons.
1880 ..	20,800,000
1890 ..	22,600,000
1895 ..	23,700,000
1900 ..	26,000,000
1905 ..	30,400,000
1910 ..	33,900,000
1911 ..	34,900,000

TABLE 11.—THE WORLD'S DEVELOPMENT OF POPULATION, COMMERCE AND GOLD PRODUCTION.

						Population.	Commerce.	Gold Production for the decade ending at the year shown.
						Millions.	Million £.	Million £.
1860 ..	..	..	..	..	..	1,205	1,510	278
1870 ..	..	..	..	..	..	1,310	2,221	263
1880 ..	..	..	..	..	..	1,439	3,075	240
1890 ..	..	..	..	..	..	1,488	3,650	221
1900 ..	..	..	..	..	..	1,543	4,189	438
1906 ..	..	..	..	..	..	1,579	5,712	646
1910 ..	..	..	..	..	..	1,616	7,007	788
1911 ..	..	..	..	..	..	1,630	7,373	829

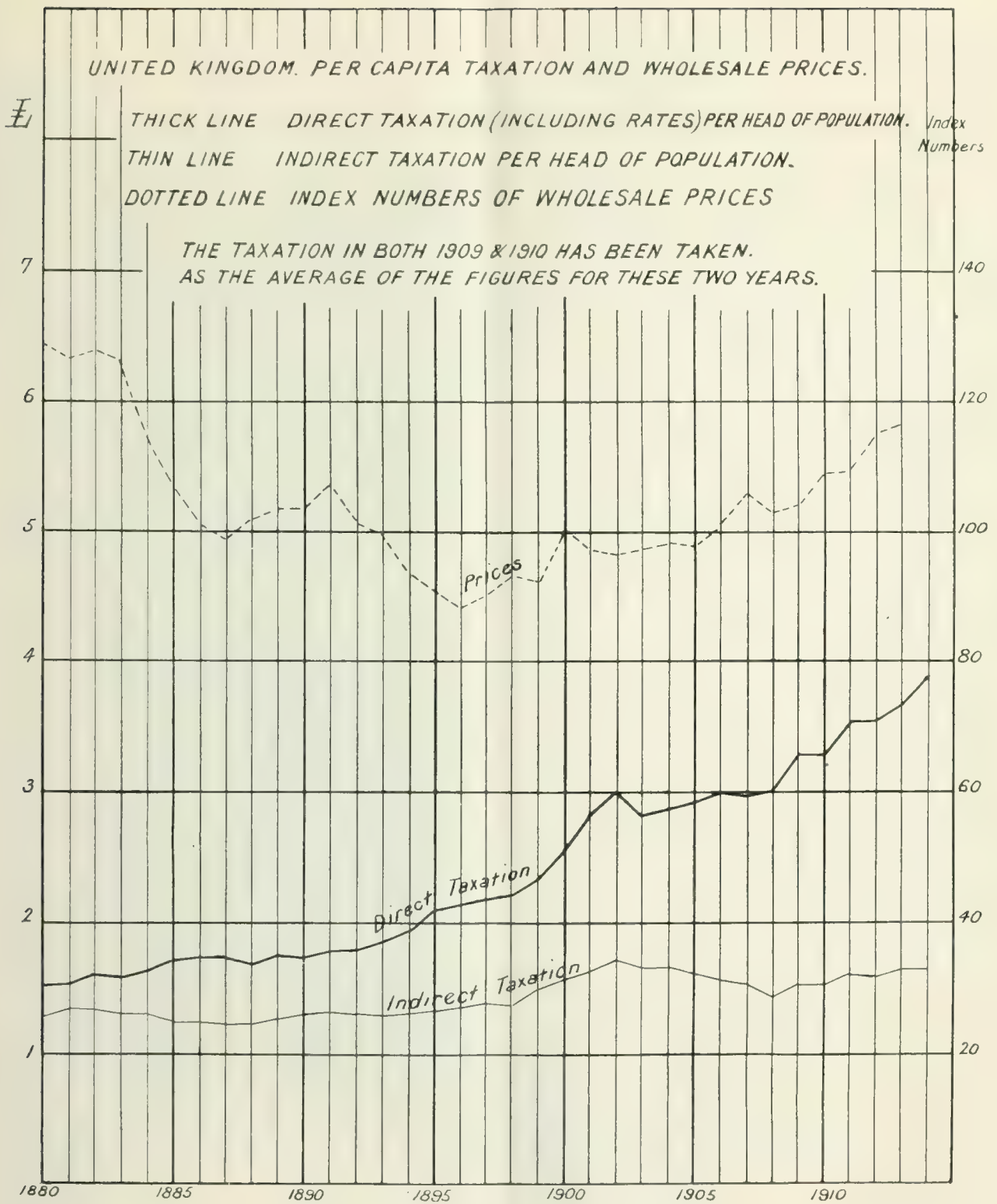


FIG. 1.



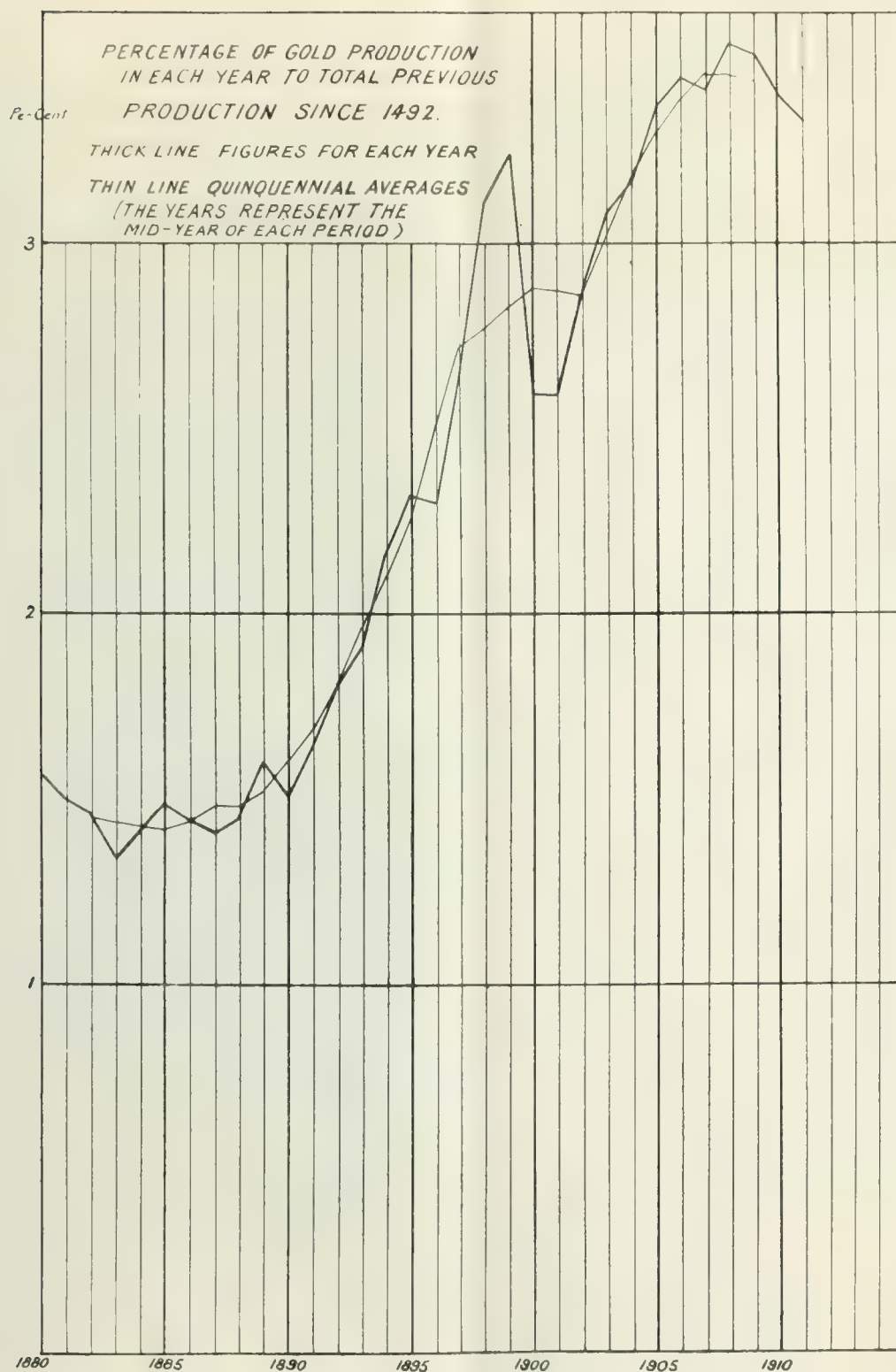


FIG. 2.

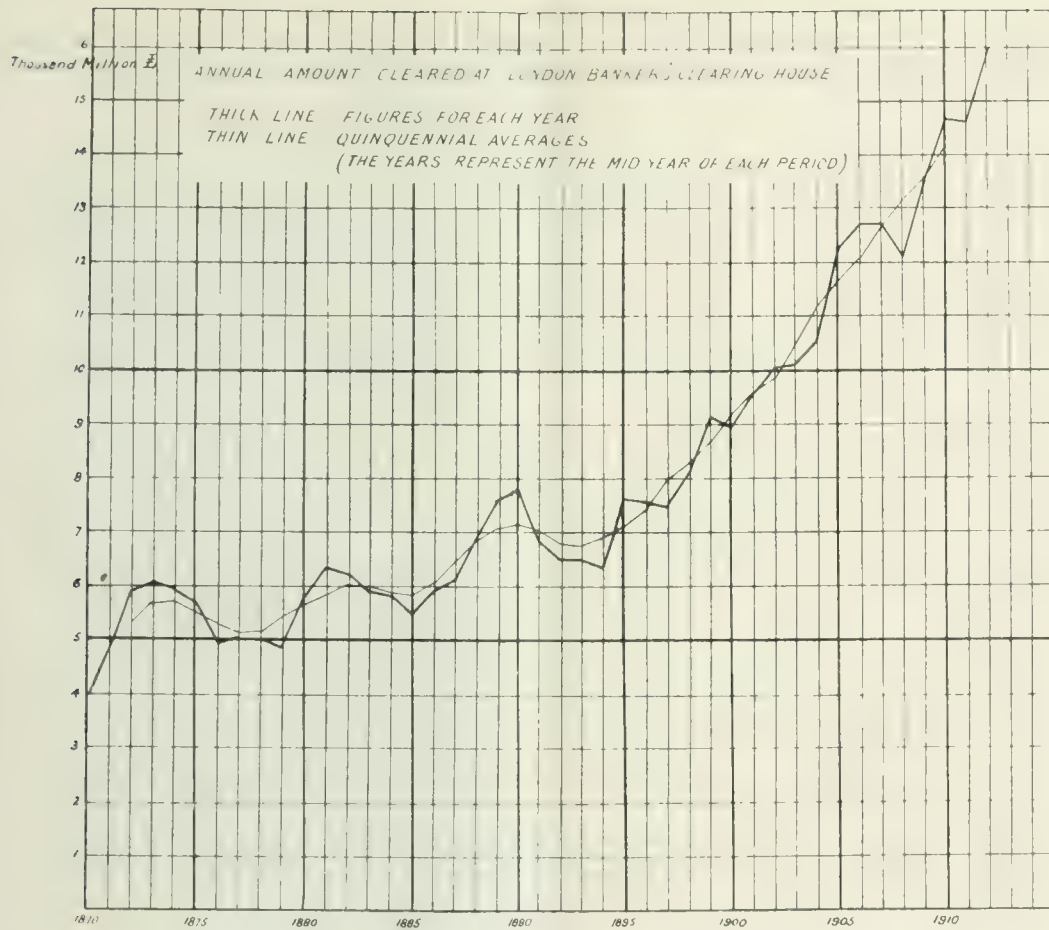


FIG. 3.

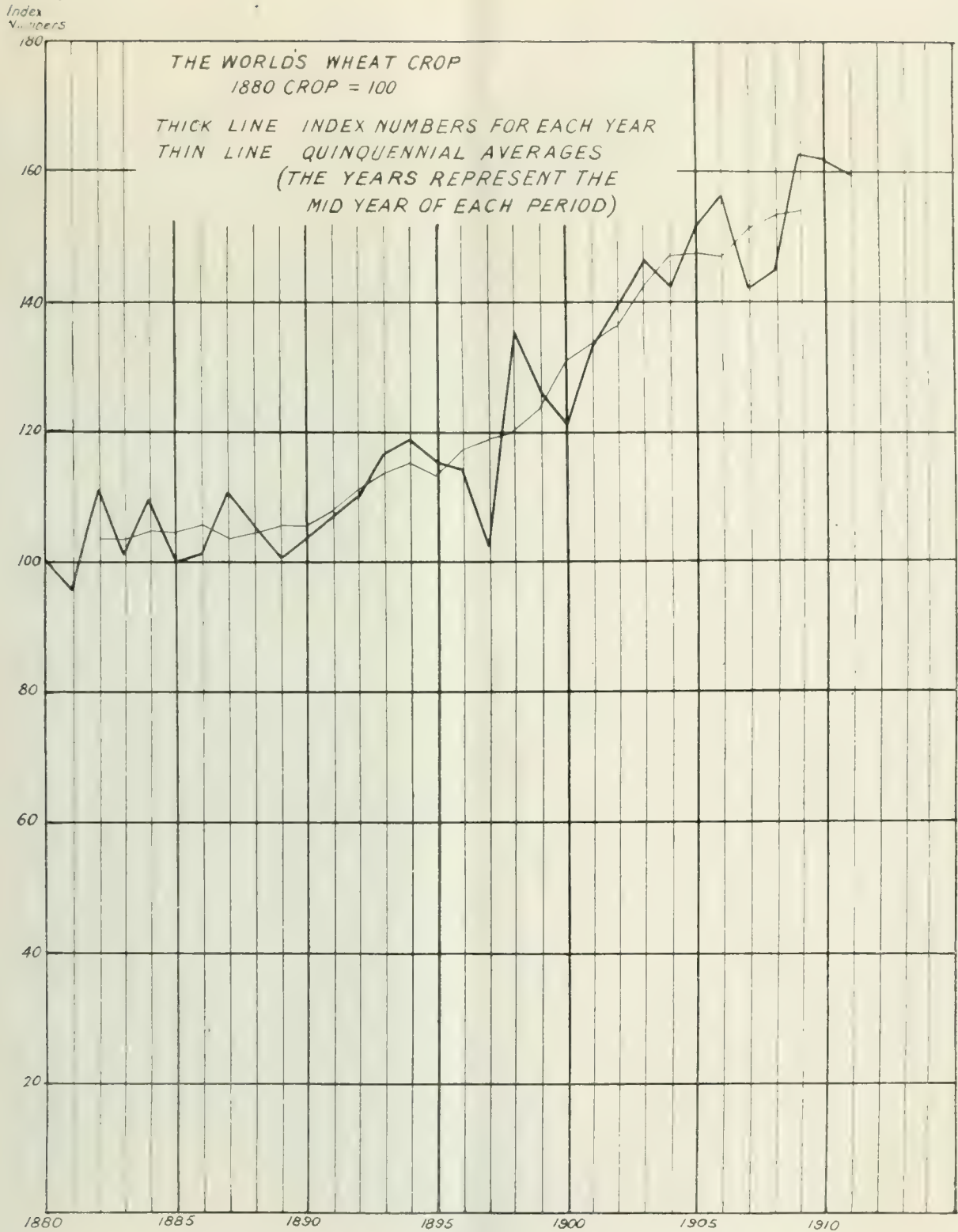


FIG. 4.

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